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Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

1 January-31 December 2008

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Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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Letter of transmittal

I have the honour to submit to the General Assembly the report on the work of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for 2008. The report is submitted in compliance with paragraph 21 of Assembly resolution 302 (IV) and paragraph 8 of resolution 1315 (XIII).

As in previous years, the report describes UNRWA's operational context, summarizing critical influences on its operations. The report outlines the legal matters that have engaged the attention of UNRWA, progress in organizational development reforms, the Agency's financial condition and the performance of its programmes.

UNRWA's Advisory Commission, which comprises representatives of 23 member States and three observer delegations, endorsed a draft of the report during its June 2009 session. The views of the Commission are contained in the attached letter addressed to me by its Chairman. I express my appreciation for the Commission's active engagement and for its ever constructive advice. I have also maintained the practice of sharing the annual report in draft form with representatives of the Government of Israel. As a result of these consultations, the report reflects the varied perspectives of the principal UNRWA stakeholders.

I take this opportunity to update the General Assembly on two matters that the report notes were unfolding at the end of 2008.

On 27 December 2008, an Israeli military offensive commenced in Gaza. By the time Israel declared a unilateral ceasefire on 18 January 2009, an estimated 1,380 Palestinians had been killed, including at least 431 children. Thirteen Israelis (3 civilians and 10 soldiers) were killed in combat or as a result of rocket and mortar fire. It was a war which will be embedded in Palestinian memory for the anguish it brought to men, women and children who have neither sympathy nor affiliation with any militant group. Hospitals and schools, civilian residences, factories, cemeteries and places of worship, humanitarian personnel and UNRWA's own compound came under direct, sometimes repeated, attack, as both sides showed little regard for the laws of war or for the sanctity of civilian life. The conflict will also be remembered for the sterling emergency response of UNRWA staff, who worked alongside colleagues from the Red Cross and Red Crescent Societies, providing humanitarian relief with courage and heroic commitment to duty.

The blockade of Gaza, in place since June 2007, survived the conflict. Gaza's crossings remain closed to a free flow of commercial, humanitarian and construction supplies, rendering impossible the reconstruction and recovery effort. In the interests of Palestinians and of regional and international security, it is imperative that these artificial conditions of isolation and imposed poverty be reversed. An

open-access regime and greater freedoms for Palestinians are essential for creating an atmosphere in which the forces of compromise, moderation and tolerance are encouraged and strengthened.

UNRWA's financial situation, precarious in 2008 and in previous years, remains a matter of grave concern in 2009. Funding shortfalls are particularly crippling to UNRWA's General Fund, which is the fuel that makes possible the consistent provision of essential public services by which UNRWA has become the bedrock of assistance and protection to Palestine refugees. Ensuring that the General Fund is fully funded is therefore essential to UNRWA's capacity to fulfil all aspects of its mission, including the ability to respond to humanitarian emergencies. In June 2009, we informed the Advisory Commission of an anticipated General Fund deficit of $107 million for 2009, of which $39 million is needed to maintain services at existing levels to the end of 2009. We advised the Commission that UNRWA had no working capital to fall back on, having depleted it after years of funding shortfalls. UNRWA is being prevented from providing services of the quality refugees need and deserve, at a time when the need for those services could not be greater. We trust that donors will note the situation of extreme concern and respond with greater generosity.

2009 marks UNRWA's sixtieth anniversary. We are commemorating this milestone with activities around the globe, including a ministerial-level event at the United Nations in New York to be held in September 2009. The anniversary provides an opportunity to reflect not only on the Agency's contribution to the human development of Palestine refugees and the communities in which they live, but also on its role in propagating the values of the United Nations: neutrality, impartiality, respect for diversity, the peaceful resolution of disputes and the promotion of human rights and dignity for all, without distinction. It is also an occasion for the United Nations and its Member States to rededicate themselves to supporting UNRWA, while affirming their commitment to accelerate the search for a just and lasting solution to the plight of Palestinians and Palestine refugees.

(*Signed*) Karen **Koning AbuZayd**
Commissioner-General

Letter dated 10 June 2009 from the Chairman of the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the Commissioner-General of the Agency

At its regular session held in Amman on 9 and 10 June 2009, the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) considered your draft annual report on the activities and operations of UNRWA, covering the period from 1 January 2008 to 31 December 2008, to be submitted to the General Assembly at its sixty-fourth session.

The Commission commends UNRWA for its efforts to continue delivering its programmes and services to all Palestine refugees in its fields of operation and the vital role of UNRWA in contributing to regional stability until a just solution is reached, in accordance with relevant United Nations resolutions (General Assembly resolutions 194 (III) and 302 (IV)).

The Commission is gravely concerned about the loss of life in 2008 and the hardships endured by the majority of the Palestinian refugees in the West Bank and Gaza. The restrictions on access to Gaza, along with periods of violence, have profoundly deepened the economic and social crisis and have led to even greater demand for UNRWA's services. The Commission urges that access be permitted for all goods necessary for the Agency to carry out its humanitarian and human development activities, including currency and construction materials.

The Commission is deeply concerned that the separation barrier, closures, curfews and other restrictions on movement imposed in the West Bank and Gaza Strip by the Israeli authorities have led to further hardship for the affected population. These restrictions are hindering economic development, specifically access to sources of employment and work and to essential goods and services, as well as the ability of UNRWA to carry out its mandated tasks. The Commission once again reiterates the urgent need to remove restrictions regarding the movement of UNRWA staff and goods in accordance with the November 2005 Agreement on Movement and Access concluded between the Government of Israel and the Palestinian Authority and the 1967 Comay-Michelmore agreement between UNRWA and the Government of Israel.

The Commission remains deeply concerned about obstructions to the Agency's services and damages to its premises. The Commission calls upon the General Assembly to examine the direct taxation levied and additional restrictions imposed by Israel on Agency containers passing through Gaza crossings and to consider, in its resolution on UNRWA's operations, calling for reimbursement of these charges by the Israeli authorities as appropriate.

The Commission calls on all parties for full respect for international law, including international humanitarian law, and urges UNRWA to continue to report on the impact of violations of international humanitarian law on its operations in the occupied Palestinian territory.

The Commission remains concerned about the lack of Agency access to, and information on, its staff held by both the Israeli and Palestinian authorities.

The Commission restates its view that the enduring hardships of Palestine refugees underscore the critical role of UNRWA. It notes with concern that, in 2008, UNRWA faced difficulties in reaching a funding level sufficient to maintain adequate service delivery. While greatly appreciating the long-term support by major donors for UNRWA operations, the Commission urges the international donor community as a whole to mobilize the resources needed, particularly within the Agency's General Fund, to secure proper service delivery. At the same time, the Commission recognizes the efforts being made to broaden the donor base and encourages UNRWA to intensify those efforts.

The Commission calls for full support for the rebuilding of Nahr El-Bared camp and relief assistance to those displaced following its destruction in 2007. The Commission urges its members and others to support UNRWA's appeal for the reconstruction of the camp and the support of neighbouring communities.

UNRWA's emergency appeal for $262 million in 2008 for the occupied Palestinian territory was its largest to date. The Commission notes with concern that UNRWA received $176 million, representing less than needed. The Commission calls on donors to redouble their efforts to support UNRWA's emergency operations in the West Bank and Gaza.

The Commission emphasizes its ongoing support for continuous reform of UNRWA with the aim of improving its effectiveness in delivering services to refugees. The Commission notes that the organizational development plan budget is currently funding 14 international posts. Long-term sustainability of UNRWA's reforms is dependent on absorbing these positions into the United Nations regular budget. The Commission states its continued support for the development of the medium-term strategy for the period 2010-2015 and the establishment of a clearer link between the strategy and the three corresponding biennial budgets.

The Commission commends the dedication, commitment and constant engagement of UNRWA staff members. The Commission encourages the further deepening of its relationship with UNRWA and looks forward to being kept fully abreast of the funding and operational challenges the Agency faces.

The Commission highly commends the support by host countries of UNRWA's work and activities.

The Commission takes this opportunity to recognize the profound personal commitment of the Commissioner-General of UNRWA to the Palestine refugees and thanks her sincerely for her many years of service and leadership.

(*Signed*) Tor **Wennesland**
Chair of the Advisory Commission

Chapter I

Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established pursuant to General Assembly resolution 302 (IV) of 8 December 1949. The Agency became operational on 1 May 1950, responding to the needs of about 750,000 Palestine refugees. It is now one of the largest United Nations programmes, with a population of 4.67 million Palestine refugees under its mandate and almost 30,000 staff.

2. The mission of UNRWA is to contribute to the human development of Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic until a durable and just solution is found to the refugee issue. The Agency fulfils this purpose by providing a variety of essential services. They include basic (and in Lebanon secondary) education, comprehensive primary health care, emergency relief, social interventions, microfinance, housing and infrastructural support. Among United Nations agencies, it is unique in delivering services directly to refugees.

3. The Agency's vision is for every Palestine refugee to enjoy the best possible standards of human development, including attaining his or her full potential individually and as a family and community member; being an active and productive participant in socio-economic and cultural life; and feeling assured that his or her rights are being defended, protected and preserved.

4. UNRWA is a global advocate for the protection and care of Palestine refugees. In humanitarian crisis and armed conflict, the Agency's emergency interventions, and its presence, serve as tangible symbols of the international community's concern and ultimately contribute to a stable environment.

Chapter II
Contextual overview

A. Political, economic and security developments

5. In 2008, the occupied Palestinian territory continued to experience the most dramatic developments in the Agency's area of operations. In the Gaza Strip, the year began and ended with major conflicts. The blockade imposed by Israel in June 2007 after the Hamas takeover and the dissolution of the Palestinian National Unity Government by President Mahmoud Abbas seriously affected all aspects of Palestinian life, even though it allowed for the exceptional importation of some essential humanitarian supplies, urgent medical evacuations and passage for a small number of Palestinians with special coordination. Unemployment continued to rise and more private enterprises closed, depleting further the capacity of Palestinian society to support itself.[1]

6. In November 2008, just 579 truckloads of goods were imported into the Gaza Strip, representing 4 per cent of the December 2005 level (one month before the Palestinian Parliamentary elections won by Hamas).[2] Shortages of cooking gas led to the implementation of a ration system, long queues at distribution points and half of the Gaza Strip's bakeries closing. The cost of food increased by 28 per cent from June 2007 to June 2008. Systems for water distribution, solid waste and sewage treatment were severely stressed, owing both to a lack of fuel and spare parts and the inability of customers to pay. The daily pumping of an estimated 40 million litres of untreated sewage into the sea and the daily accumulation of several hundred tons of solid waste on the streets represented a serious public health risk. Health services were severely affected by the inability of hospitals to repair and maintain life-saving hospital equipment or import medicines for cancer and other conditions. Access to health care outside of the Gaza Strip became increasingly difficult. Among the goods denied entry into the Gaza Strip were supplies and materials for classroom use — pencils, stationery and paper and ink to produce textbooks. Lack of fuel led to, among other things, the suspension of classes at the Gaza Strip's four universities, the halting of refuse collection, and the suspension of some food distributions. At year's end, it was estimated that goods brought through tunnels under the border with Egypt accounted for 90 per cent of all market activity. The border wall with Egypt was breached on 23 January and sealed in early February, allowing hundreds of thousands to enter Egypt and return.

7. An Israeli military operation initiated in December 2007 continued into 2008, as did the firing of rockets from the Gaza Strip. An Israeli operation from 27 February to 4 March 2008 marked a peak in the conflict. On 19 June 2008, Israel and Hamas agreed to a six-month "ceasefire" which ended in early November. Over 3,100 rockets and mortars fired from the Gaza Strip struck southern Israel in 2008, of which over 2,280 were fired from January to June, some 26 from July to October

[1] During the first half of 2008, 42 per cent of the labour force in Gaza was out of work. The Palestinian Federation of Industries estimated that 98 per cent of Gaza's industrial operations were idle.

[2] Office for the Coordination of Humanitarian Affairs, Gaza crossings online database and *The Humanitarian Monitor*, No. 31 (November 2008). Between 1 and 26 December 2008, i.e. prior to the military offensive that commenced on 27 December, 716 truckloads were allowed entry (*The Humanitarian Monitor*, No. 32, December 2008).

and 795 from November to December.[3] On 27 December, Israel commenced a major offensive on the Gaza Strip.

8. From the beginning of the reporting period until 26 December, 402 Palestinians, including 57 children, in the Gaza Strip were killed in the course of military operations by Israel. During the same period, 6 Israeli civilians and 8 soldiers were killed and 51 civilians and 58 soldiers were injured by rocket and mortar fire from the Gaza Strip. In the first five days of the offensive that commenced on 27 December, Israeli aircraft bombed over 300 targets. By 31 December, approximately 350 Gazans, including at least 38 children, had been killed. In the same period, 4 Israelis were killed and about 20 Israelis were injured by Palestinian rocketfire towards Israel.

9. In July and August, a series of car bombs and an outbreak of interfactional fighting in the Gaza Strip left 13 Palestinians dead, including 2 children and 130 injured. This dealt a blow to reconciliation efforts between Hamas and Fatah.

10. In the West Bank, the regime of closures, house demolitions, settlement expansion, curfews and seizure operations continued alongside the extension of the West Bank Barrier. As in the previous year, the Palestinian population experienced deteriorating living conditions and the denial of basic human rights. At year's end, the United Nations Office for the Coordination of Humanitarian Affairs reported that 620 closure obstacles remained throughout the West Bank, while Israeli settlements, outposts and the West Bank Barrier continued to expand. In total, 40 per cent of West Bank land is effectively off-limits for Palestinians. The regime of movement restrictions seriously affected the West Bank economy, creating hardship and limiting access to education, health and other services. In the first half of 2008, 24.45 per cent of the West Bank labour force was out of work. Attempts to build the capacity of Palestinian Authority security forces in the Northern West Bank were at least partly successful where coupled with a loosening of access restrictions.

11. 2008 saw an increase in the number of reported attacks on Palestinian civilians by Israeli settlers in the West Bank. According to the Office for the Coordination of Humanitarian Affairs, there were 290 settler-related incidents of violence in the first 10 months of 2008. Meanwhile, in February, one Israeli civilian was killed in Dimona by a Palestinian suicide bomber. Later in the year, in two separate incidents, Palestinian bulldozer drivers in Jerusalem deliberately drove into buses and other vehicles killing three civilians. In March, eight rabbinical seminarians were killed in an attack on a yeshiva in Kiryat Moshe by a Palestinian resident of East Jerusalem.

12. In Lebanon, the first four months of the year saw a deterioration in the political and security situation with uncertainties centring on the election of a new president. Tensions came to a head in May when supporters of the Future Movement and Hizbullah clashed in various areas of the country, leaving 80 people dead in six days. An agreement reached in Doha between the Lebanese factions on 21 May led to the election of a new president and the participation of Hizbullah in the cabinet of Prime Minister Fouad Siniora. The security situation remained tense, particularly in the north, with sporadic heavy fighting taking place between various protagonists in the period June-August. Meanwhile, tensions between Palestinian factions began to

[3] See Israeli Ministry of Foreign Affairs website.

mount in the latter half of the year, leading to an unstable situation in Ein el-Hilweh refugee camp in particular.

13. In the Syrian Arab Republic and Jordan, UNRWA and the refugees were fortunate to enjoy a secure and stable environment. The continued presence of Iraqi refugees in both countries, however, contributed to inflation and strained services provided by the Government and by UNRWA.

14. The global financial crisis that was unfolding in the reporting period has affected all five areas of operations. Reduction of some Government subsidies and significant increases in the cost of living caused concern among refugees and citizens alike. Host authorities were forced to increase public service salaries. This had a direct impact on UNRWA, given that the salaries of its workforce are determined by reference to public service salaries.

B. Operational developments

15. Across its five fields, UNRWA operations are grounded in servicing refugee needs in the areas of education, health, relief, social services, infrastructure and camp improvement, and microfinance. The reporting period was marked by efforts to improve the quality of these services through enhanced programme management and streamlined support services under the organizational development process. In addition to these services, UNRWA also responds to emergencies wherever they occur in its areas of operation. As has been the case since the beginning of the intifada in September 2000, emergency situations in the Gaza Strip and the West Bank posed the greatest operational challenge to the Agency's work, compelling UNWRA to supplement its core programmes with emergency food support, cash assistance, shelter rehabilitation and job creation opportunities for affected refugees. UNRWA launched an emergency appeal for $238 million. Owing to rapid rises in food and fuel costs in the first half of 2008, the appeal budget was revised upwards to $262 million. By the end of the reporting period, $176 million had been pledged by donors.

16. UNRWA provided emergency food assistance to 190,000 refugee families in the occupied Palestinian territory. A feeding programme for all 200,000 pupils in the Agency's schools in the Gaza Strip was introduced, around $12 million was disbursed as cash grants to 30,000 poor refugee families and $6 million in the Gaza Strip to cover back-to-school costs. In addition, UNRWA created 3 million job days for 56,000 refugees.

17. A lack of currency notes, owing to the blockade of the Gaza Strip, forced UNRWA to suspend, effective 19 November 2008, social welfare payments to 19,000 destitute refugee families in the Gaza Strip. By December, UNRWA warehouses were almost empty, with the Agency unable to consolidate strategic reserves, despite the "ceasefire". The Agency was forced to delay emergency food aid to 135,000 families towards the end of the year.

18. During the Israeli offensive that began on 27 December, UNRWA provided temporary shelter to over 50,000 Palestinians who sought refuge in 50 Agency installations. Critical operations, including food distributions, continued where possible.

19. In the West Bank, UNRWA faced increasing difficulties in accessing refugee communities to meet their humanitarian needs. A total of 918 access incidents were reported in 2008, compared with 231 in 2007.

20. Despite the tense political and fragile security situation prevailing in Lebanon, UNRWA was able to deliver its operations with little interruption. In May, the Lebanese Council of Ministers decided to expropriate the land where Nahr el-Bared camp was situated. In June, UNRWA and the Government of Lebanon jointly appealed for $445 million for the reconstruction of the camp. Only $42 million had been pledged by the end of 2008. The removal of rubble began in October. UNRWA continued to provide displaced refugees from Nahr el-Bared with temporary shelters, prefabricated schools and health centres as well as rental subsidies and food aid.

21. The Lebanese Government took steps in collaboration with UNRWA, the Palestine Liberation Organization and human rights non-governmental organizations to legalize the estimated 3,000 to 5,000 so-called non-ID Palestinians in Lebanon who were previously without recognized residency status or documentation.

22. In both Jordan and the Syrian Arab Republic, Palestine refugees continued to benefit from the stable political and security environment described earlier and from the Governments' excellent cooperation with UNRWA.

23. The security of UNRWA staff remained a serious concern. In the Gaza Strip, on 27 February, the six-month-old grandson of a school attendant residing at an UNRWA installation was killed by an Israeli military strike affecting the installation. On 1 March, an UNRWA staff member was injured at Rafah warehouse during an Israeli military strike. On 29 December, during the Israeli offensive on Gaza that began on 27 December, an UNRWA school guard died as a result of injuries suffered while on duty during a military strike affecting the school. In Lebanon, on 20 August, a staff member was injured by unexploded ordnance while working at Nahr el-Bared.

24. UNRWA is indebted to its staff and acknowledges their dedication and loyalty. Those working in the occupied Palestinian territory and Lebanon are particularly commended. It notes with regret that the local employees of UNRWA are the only United Nations staff members in the area who do not receive hazard pay.

C. Organizational developments

25. In August 2006, UNRWA embarked upon an ambitious management reform initiative spanning the period 2007-2009. The organizational development plan was published under the title "Serving Palestine refugees more effectively: strengthening the management capacity of UNRWA". The plan was based on four levers of change: programme management; human resources management; organizational processes and systems; and leadership and management.

26. In 2008, UNRWA made significant progress towards achieving best practice standards in programme cycle management. The basis for a medium-term strategy for the period 2010-2015 was developed. Key staff in the fields and programmes were trained in needs assessment and planning. A needs assessment was undertaken in all fields and results-based planning commenced for the biennium 2010-2011. The Agency's performance indicator framework was reviewed and revised

accordingly.[4] In conjunction with these strategic and planning efforts, the Agency took important first steps towards adoption of best practice results-based budgeting.

27. In human resources management, a framework and set of principles for a new system of performance management, post classification and compensation was developed for adoption later in the implementation of organizational development.

28. Also as part of the organizational development process, UNRWA implemented changes in the way that recruitment, procurement and asset management decisions are made. The changes are in line with a commitment to decentralized decision-making, strengthened accountability and improved monitoring, reporting and oversight.

29. UNRWA continued to implement reforms of its internal oversight mechanisms to respond to an external quality assessment review conducted in late 2007.

30. UNRWA embarked upon an effort to purchase and implement an enterprise resource planning system. A gap analysis conducted by external consultants revealed that the implementation of such a system is necessary.

31. An action plan was developed for mainstreaming security at all levels of UNRWA. This is a step towards the adoption of an UNRWA security policy.

32. In addition to assessments conducted by UNRWA under the organizational development plan, the Government Accountability Office of the United States of America began a review of UNRWA's management control systems, to ensure that financial contributions from the United States were being used appropriately.

D. Legal matters

Agency staff

33. Israeli authorities, citing security concerns, continued to restrict the freedom of movement of UNRWA personnel in the occupied Palestinian territory. The restrictions included closures of the West Bank and Gaza Strip; prohibiting local staff in United Nations vehicles from using the Erez crossing between Israel and the Gaza Strip or the Allenby Bridge, or from travelling in Israel and the part of the occupied Palestinian territory annexed by Israel; and the imposition of cumbersome procedures for obtaining permits for local staff to enter Israel and East Jerusalem. On many occasions, permits were not granted even though the procedures were followed.

34. When permits were granted to local staff, they were required to cross the Erez crossing on foot. Only international personnel holding a United Nations laissez-passer or a yellow card issued by the Israeli Ministry of Foreign Affairs were exempted from crossing by foot. Erez crossing procedures were often time-consuming, with average waiting times of 50 minutes on the Gaza Strip side of the crossing, endangering staff members' safety. Local staff were often barred from

[4] In this regard, the Agency recognizes that it must develop more strategic- and outcome-oriented indicators, in the absence of which, the Agency has often measured and reported on activity- and input-based performance measures. The capacity to monitor and report against the new indicator framework will be developed in the course of 2009. The new indicator framework will be reflected in subsequent annual reports.

using the crossing altogether. On many occasions at checkpoints entering East Jerusalem, and on several occasions at the Erez crossing, the Israeli authorities refused to permit UNRWA staff members in United Nations vehicles to cross without a vehicle search that would violate the immunity of the United Nations.

35. The above-mentioned restrictions are inconsistent with the Charter of the United Nations, the 1946 Convention on the Privileges and Immunities of the United Nations (the 1946 Convention) and the 1967 Comay-Michelmore Agreement, by which the Government of Israel is obligated to "facilitate the task of UNRWA to the best of its ability, subject only to regulations or arrangements which may be necessitated by considerations of military security".

36. In the Agency's view, most measures did not relate to military security, but were matters of police or administrative convenience. The Israeli authorities, however, maintained that the restrictions were necessary to protect Israel against terrorist threats.

37. In the West Bank, coordination with the Israeli military liaison officers was intensified. However, staff movement became more restricted and unpredictable at several Israeli checkpoints, notably those controlling access to East Jerusalem. Movement restrictions imposed by the Israeli authorities on the West Bank have resulted in the loss of 2,199 staff days during the reporting period, representing a loss of approximately $86,000. It remained difficult to deliver Agency services in the area between the West Bank Barrier and the 1949 armistice line, in particular in the Barta'a area. In the Gaza Strip, the movement of staff was affected by Israeli military incursions and the general security situation.

38. Local staff required permits from the Israeli authorities to cross Erez. As 22 per cent (114 of 515) of the Agency's permit applications were rejected, some local staff were unable to leave the Gaza Strip for official business. In November, one international staff member entering Israel with a valid service visa to take up a post in the Gaza Strip was detained by the Israeli authorities at Ben Gurion airport for over 48 hours, questioned and denied entry into Israel. The Agency protested the denial of entry as contrary to the 1946 Convention. At the end of the reporting period, the matter remained unresolved.

39. The Rafah crossing between Egypt and Gaza was open for a total of 92 days. Exceptionally, and with prior coordination with the Egyptian authorities, 13 UNRWA staff were allowed to cross on duty travel to other areas of operation. Three of these staff waited 16 days before being allowed re-entry into Gaza.

40. During the reporting period, no significant movement restrictions were imposed on UNRWA staff by the Governments of Jordan and the Syrian Arab Republic or by the Palestinian Authority.

41. In northern Lebanon, citing security concerns, the Lebanese authorities occasionally demanded to conduct searches of UNRWA vehicles at the entrance to Nahr el-Bared camp. The Agency protested those incidents on the basis that such searches would violate the immunity of the United Nations. The issue was resolved at a meeting on 10 October, following which no further requests have been made to search Agency vehicles entering the camp.

42. At the end of 2008, 20 staff members were in detention, 11 of whom were held by the Israeli authorities, 6 by the Palestinian authorities, 2 by the authorities of the

Syrian Arab Republic and 1 by the authorities of Jordan. The Jordanian authorities granted the Agency access to its detained staff member. Despite repeated requests made by the Agency in accordance with General Assembly resolution 36/232, the Israeli authorities did not provide the Agency access to its detained staff or provide any information concerning them. At the end of the reporting period, despite requests, the Palestinian authorities had not provided the Agency access to its detained staff.

Agency services and premises

43. The normal route for the Agency's humanitarian shipments into the Gaza Strip is through the Karni crossing, except for construction materials, which enter through the Sofa crossing. The Israeli authorities continued to impose transit charges on shipments entering the Gaza Strip, forcing UNRWA to pay $122,640 in 2008. In the Agency's view, the charge is a direct tax, from which it ought to be exempt under the 1946 Convention. Citing security incidents and alerts, throughout 2008 the Israeli authorities closed the Karni crossing for all containers, and all UNRWA container shipments were required to enter through secondary crossings at Sofa or Kerem Shalom. As neither of those crossings was capable of receiving containers, all container shipments had to be palletized at port prior to transport to the Gaza Strip. Furthermore, the Sofa crossing was closed to imports for 137 out of 299 scheduled operating days (46 per cent) and the Kerem Shalom crossing was closed for imports for 191 out of 366 scheduled operating days (52 per cent). The closures of the Karni crossing and the requirement to palletize all container shipments contributed to excess operating charges for storage, demurrage, transportation and palletization of some $2.17 million, including approximately $0.66 million for palletization costs.

44. The importation into the Gaza Strip of construction materials was almost entirely prohibited. Although the Israeli authorities permitted some materials to enable the Agency to construct temporary facilities for its Summer Games, as a consequence of the prohibition UNRWA projects worth $76 million were still pending at the end of the reporting period. The Israeli authorities, citing security concerns, also refused to permit entry to the Gaza Strip of electronic white-boards and bulletproof glass for UNRWA offices. From 13 November 2008, the Israeli authorities, also citing security concerns, refused to allow the Agency's diplomatic bags to cross Erez without an X-ray search. The United Nations protested the refusal as contrary to the 1946 Convention.

45. In Lebanon, the entry of construction materials to the camps in the south was subject to approval from the Lebanese army. All approvals were issued within 24 hours and accordingly this procedure did not cause major delays during 2008.

46. The Operations Support Officer programme continued in both the West Bank and the Gaza Strip. The programme played an invaluable role in assisting in upholding United Nations neutrality; in facilitating access of UNRWA staff members, vehicles and goods through checkpoints and to areas affected by Israeli military operations; in supporting the Agency's programmes and initiatives; in monitoring the humanitarian crisis among the Palestinian population; in the inspection of UNRWA installations; and in providing a measure of protection to refugees, including the displaced. In Gaza, the programme assisted in the Agency's emergency humanitarian response during and after armed conflict.

47. The 1946 Convention provides that "the premises of the United Nations shall be inviolable". Contrary to that legal obligation, the Israeli military forcibly entered UNRWA premises in the West Bank on seven occasions. In the Gaza Strip, UNRWA premises were damaged during Israeli military strikes or shelling on 31 occasions, 28 of which were during the last five days of 2008.

48. In the West Bank, Palestinian Authority security forces entered UNRWA premises on two occasions. Separately, an armed Palestinian fired a weapon inside an UNRWA installation and a student's father entered an UNRWA school and assaulted a teacher. In the Gaza Strip, Palestinian security personnel entered UNRWA installations on three occasions and armed Palestinian militants forcibly entered UNRWA installations twice. An armed Palestinian threw a grenade at an UNRWA guard's hut at a rehousing project and an UNRWA school was damaged by bullets from the direction of militant training grounds.

49. In November, a kindergarten in an UNWRA facility in the Syrian Arab Republic was closed for three days. It was reopened after the Government authorities explained that it had been closed in error. There were no incursions into UNRWA premises in Jordan or Lebanon.

Other matters

50. During 2008, UNRWA was reimbursed by the Palestinian Authority the sum of $1,076,049 for value-added tax. At 31 December 2008, the total amount of value-added tax still due to the Agency from the Palestinian Authority was approximately $26.3 million. The Palestinian Authority has continued to acknowledge its obligation to reimburse value-added tax to the Agency.

51. During the reporting period, the Agency was required, as in the past, to pay port fees and other charges to the Syrian authorities, contrary to the 1948 Agreement between the United Nations and the Government of the Syrian Arab Republic. In 2008, fees and charges totalling $17,328 were paid. While the Ministry of Foreign Affairs has indicated that it would consider the matter, it remained unresolved at the end of the reporting period.

Legal status of Palestine refugees in the Agency's area of operations

52. The movement of Palestinians, including Palestine refugees, within and to and from the occupied Palestinian territory was tightly controlled and subject to a complex Israeli permit regime, notwithstanding the applicability of various agreements, including the Agreement on Movement and Access of 15 November 2005. Palestine refugees may obtain identification documents, but the Israeli authorities administer the population registry and control the issuance of identity documents for the West Bank, Jerusalem and the Gaza Strip. Palestine refugees have full access to Palestinian Authority services and the same voting rights as other residents.

53. The largest number of registered Palestine refugees resides in Jordan. Most enjoy Jordanian citizenship, and are legally entitled to work and to have access to governmental institutions and other assistance. However, Palestine refugees who left the Gaza Strip in 1967, and their descendants, are issued renewable Jordanian passports valid for two-year periods, albeit without national identity numbers. The 1996 Labour Law requires non-Jordanians to have legal residency and valid

passports and permits in order to work legally. Access to social security benefits depends on reciprocal privileges in the worker's country of origin, rendering Palestine refugees ineligible. The Government of Jordan provides to Palestine refugees and displaced persons education, utilities, subsidies and rations, camp services, health care, public security and social services.

54. In June 2005, the Ministry of Labour of Lebanon allowed registered Palestine refugees born in Lebanon to work at manual and clerical jobs and to obtain work permits, both of which were previously denied. Palestine refugees were still effectively prohibited from practising several professions. Unemployment among refugees was high and living conditions poor. All Palestine refugees registered with UNRWA received identity documents and could acquire renewable travel documents. A 1957 decree still in force governs the movement of Palestine refugees, who in practice may freely change their residence in the country. Palestine refugees have limited access to government services and have to depend almost entirely on UNRWA for basic services. Legislation preventing Palestine refugees from buying immovable property remained in force.

55. Palestine refugees in the Syrian Arab Republic continued to have full access to government services and to the labour market, with the exception that refugees who arrived in the Syrian Arab Republic on or after 10 July 1956 were not allowed to occupy civil posts in the Government. Palestine refugees have almost the same legal protection as Syrian citizens but have no right to be naturalized or to vote. The Government of the Syrian Arab Republic provides to Palestine refugees such services as education, health, housing, utilities, security and social services.

E. Financial overview

1. Sources of funding

56. With the exception of the international staff posts funded by the General Assembly through assessed contributions to the United Nations regular budget by Member States, UNRWA operations, projects and emergency appeals are funded by the voluntary contributions of donors (see figure I). Projects are earmarked contributions for specific activities that complement the Agency's regular programmes.

Figure I
Distribution of sources of funding by donor category and budget fund

By donor category

By budget fund

2. Expenditure

57. In 2008, the Agency expended $807.1 million against a total budget of $897.1 million on its regular budget, projects and emergency appeal activities. The largest component was an expenditure of $496 million under the regular budget, accounting for 61.5 per cent of total expenditure. Emergency activities and projects accounted for 23 per cent and 15.4 per cent, respectively. The self-supporting microfinance department made up less than 1 per cent of total expenditure.

58. As in the past, education remained the largest programme in 2008, with an expenditure accounting for 60 per cent of the total regular budget (see table 1).

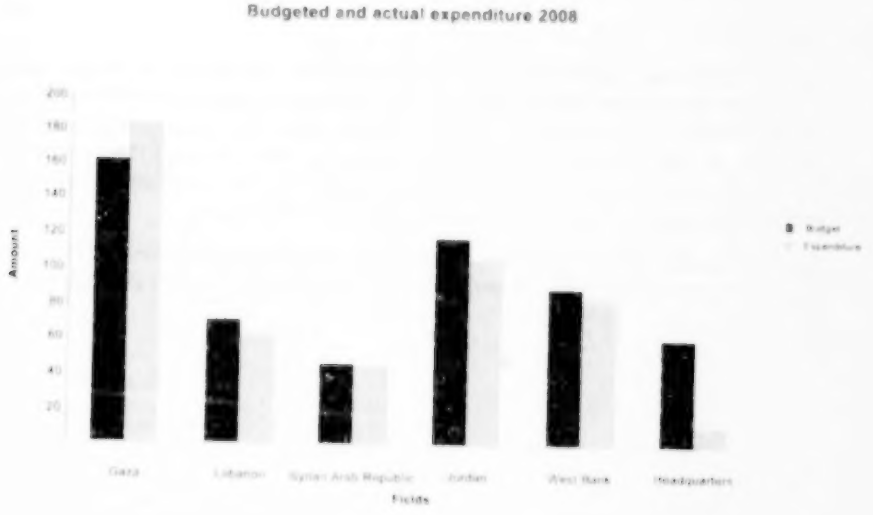
Table 1
UNRWA regular budget 2008
(Millions of United States dollars)

	Budget	*Expenditure (amount)*	*Expenditure (percentage of total)*	*Unfunded portion (amount)*	*Unfunded portion (percentage)*
Education	281.6	298.0	60	(16.4)	(5.8)
Health	106.1	88.8	18	17.3	16.3
Relief and social services	53.3	52.9	11	(0.4)	(0.1)
Operational support	36.4	29.5	6	6.9	19.0
Common services	48.7	27.0	5	21.7	44.6
Other	18.5	—	—	18.5	—
Total	**544.6**	**496.2**	**100**	**48.4**	**8.9**

59. The unfunded portion of $48.4 million resulted from the difference between a needs-based budget and the contributions of donors. The shortfall necessitated the adoption of stringent austerity measures throughout the Agency.

60. Figure II illustrates the 2008 regular budget and actual expenditure across the Agency's areas of operation. The overexpenditure in the Gaza field was attributable to the hiring of additional teachers for the 2008/2009 scholastic year in pursuance of its Schools of Excellence initiative.

Figure II
Comparison of the budget and actual expenditure by field
(Millions of United States dollars)

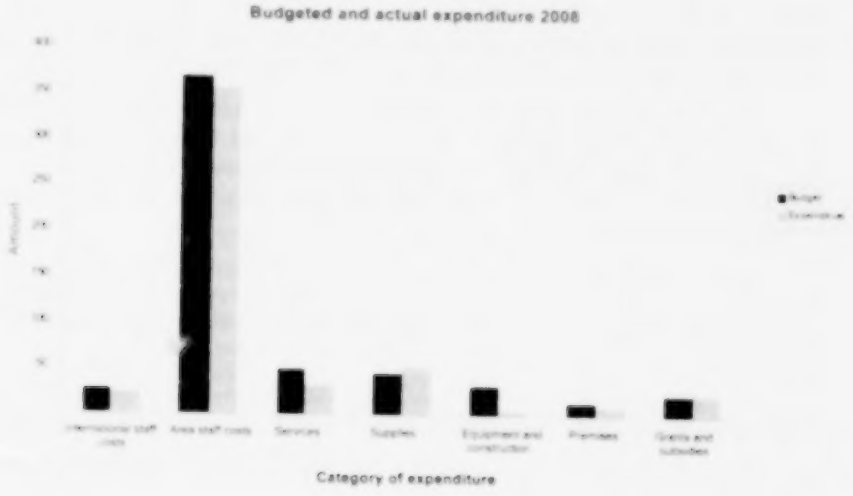


61. Figure III compares the budget with the expenditure for 2008 by category of expenditure.

Figure III

Comparison of the budget and actual expenditure by category of expenditure

(Millions of United States dollars)



Chapter III
Subprogramme review

A. Performance analysis for sub-goal 1: education

62. The Agency's education programme provides elementary and preparatory education in addition to secondary education in Lebanon. Approximately half a million children benefit from this service, which also provides technical and vocational education, teacher training, placement and career guidance and a limited number of scholarships. Highlights during 2008 included the following:

(a) The Violence-Free Schools initiative was launched with the involvement of donors, civil society organizations and other United Nations system agencies. Schools have been provided with a toolkit to facilitate the development and implementation of codes of conduct and approaches to promoting an effective and harmonious educational environment;

(b) UNRWA piloted monitoring learning achievement tests for the 4th and 8th grades in Jordan and the Syrian Arab Republic. The results of these tests will be used to develop cross-field learning comparisons that will be administered in 2009 in all fields;

(c) A recovery plan for the Gaza Strip provided support to school supervisors and teachers improving the teaching of Arabic and maths for grades 1-4;

(d) Additional human rights, conflict resolution and tolerance programme materials were produced.

Table 2
Education: performance by indicator[a]

Expected accomplishments	*Performance indicators*	*Achievements*
Maintenance and improvement of the quality of education provided to the Palestine refugee population at all levels by maintaining an environment conducive to learning, meeting the needs arising from the natural growth in the refugee population through upgrading and construction of facilities, and enhancing the skills and competencies of the Agency's teaching and training staff.	(i) Maintenance of relatively high pupil pass rate in the elementary cycle	Unit of measure: percentage Target: 96 Result: 90.95
	(ii) Maintenance of relatively high pupil pass rate in the preparatory cycle	Target: 98 Result: 92.84
	(iii) Maintenance of relatively low dropout rate in the elementary cycle	Target: 0.35 Result: 0.32
	(iv) Reduction in the dropout rate in the preparatory cycle	Target: 2.65 Result: 2.60

Expected accomplishments	*Performance indicators*	*Achievements*
	(v) Number of additional educational facilities or other infrastructure constructed or renovated	Unit of measure: number of facilities Target: 350 Result: 282
	(vi) Number of education staff from teaching and non-teaching categories trained	Unit of measure: number of staff Target: 1,800 Result: 1,937
	(vii) Improvement in the pupil-to-teacher ratio in the elementary cycle	Unit of measure: ratio Target: 30:1 Result: 30.67:1
	(viii) Improvement in the pupil-to-teacher ratio in the preparatory cycle	Target (2008): 23:1 Result (2008): 23.86:1
	(ix) Schools operating on a double-shift basis	Unit of measure: number of schools Target: 470 Result: 529

[a] The figures provided refer to the academic year 2007/08. The school year starts in September and ends in June of the following calendar year.

Significant activities

63. New versions of the student registration system and the placement and career guidance system were introduced.

64. Standardization of information technology (IT) subjects with a view to accreditation was begun by introducing the Cisco Fundamentals of Wireless Local Area Networks, Cisco Fundamentals of Network Security, Cisco IT Essentials Academy Programme and the International Computer Driving License Computer Aided Design Programme. The department also introduced 50 e-learning subjects to be used in its training facilities.

65. A new vocational and technical education training centre was established in northern Lebanon, with nine semi-professional and trade courses to serve Palestine refugee youth. The Nahr el-Bared Technical and Vocational Training Centre is now fully operational with 182 trainees enrolled for the scholastic year 2008/2009.

66. The Damascus Training Centre piloted a one-year structure for seven of its courses as part of an overall effort to capitalize on developments in the expanding Syrian labour market. Further innovations will be pursued in the coming period as part of the Syrian Arab Republic field's programme priority of maximizing the employment opportunities for refugee youth.

67. The employment rate of UNRWA vocational and technical training graduates continues to be very high. Out of 2,800 graduates from UNRWA training centres in the year 2006/2007, 77.4 per cent were employed within one year.

B. Performance analysis for sub-goal II: health

68. The goal of the UNRWA Health Programme is to protect, preserve and promote the health status of the registered Palestine refugees within the Agency's five areas of operations. Highlights in 2008 included the following:

(a) In cooperation with the Japanese International Cooperation Agency, a new maternal and child health handbook was produced and new World Health Organization (WHO) growth monitoring charts were introduced in the West Bank and the Gaza Strip, with their expansion to Jordan planned for 2009;

(b) Joint activities with United States Centers for Disease Control and Prevention continued and the Global Youth Tobacco Survey was conducted in all UNRWA fields of operations. The results will be published in early 2009;

(c) Technical instructions on non-communicable disease were revised and updated;

(d) Surveillance guidelines for the Expanded Programme on Immunization (EPI) were updated according to latest WHO instructions;

(e) Instructions on health mapping and a geographic information system were prepared for the first time;

(f) With cooperation from a WHO consultant, a set of UNRWA health centre infrastructure standards were developed for use by managers in the field.

Table 3
Health: performance by indicator

Performance indicator	*Actual*	*Target*
Infant mortality rate per 1,000 live births	22	22
Child mortality rate per 1,000 live births	24.4	25
Pregnant women registered at UNRWA for antenatal care clinics during first trimester (out of all newly registered pregnant women)	74.9 per cent	70 per cent
Pregnant women who paid at least four antenatal visits to clinics during the antenatal period	90.3 per cent	90 per cent
Babies delivered by trained personnel	99.9 per cent	98 per cent
Prevalence of contraceptive methods among mothers of infants 0 to 3 years of age attending UNRWA maternal and child health clinics	55.4 per cent	55 per cent
Total fertility rate	3.2	3.2
Pregnant women protected against tetanus	99.6 per cent	Above 95 per cent
12-month-old infants fully immunized	99.6 per cent	Above 95 per cent
18-month-old infants receiving all booster doses	99.4 per cent	Above 95 per cent
Incidence of neonatal tetanus and poliomyelitis	0	0

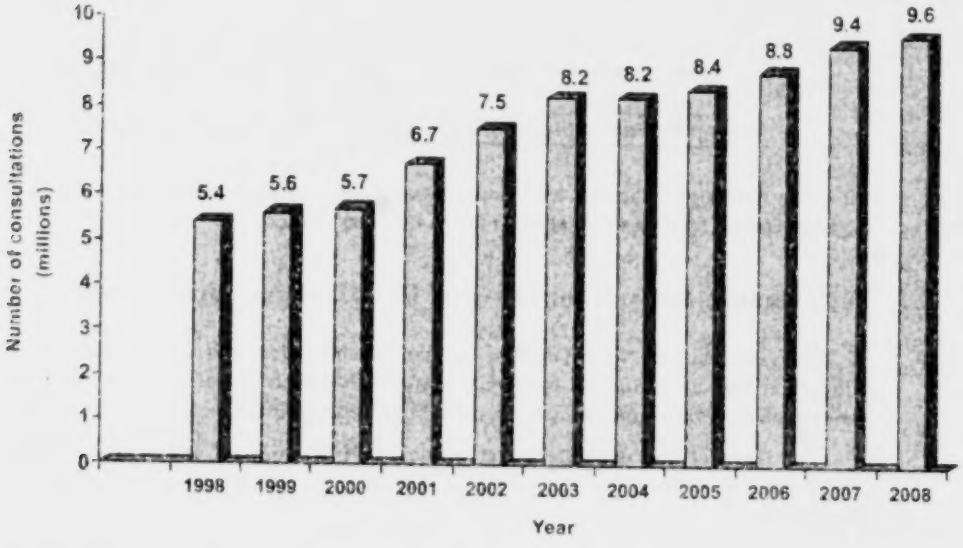
Performance indicator	*Actual*	*Target*
Cure rate of smear positive TB cases	100 per cent	100 per cent
Average daily medical consultations per doctor[a]	103	70
Camp shelters with access to safe water	99.8 per cent	98 per cent

[a] The workload at UNRWA primary health-care facilities was increased by 7.3 per cent from 96 in 2007 to 103 patients per medical officer by the end of 2008.

Results

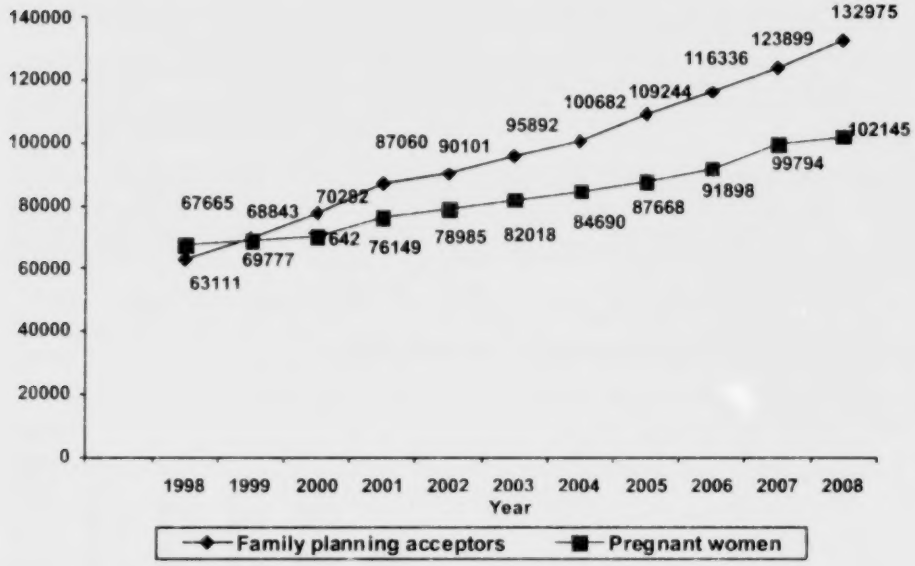
69. Medical consultations provided to refugees rose by 2.2 per cent, to 9.6 million (see figure IV). The total number of refugees receiving hospital treatment increased by 14 per cent, to 84,323, while dental consultations increased by 1.6 per cent, to 748,995.

Figure IV
Utilization of curative medical services 1998-2008



70. The number of newly registered pregnant women increased by 2.4 per cent, to 102,145, those receiving post-natal care rose by 3.7 per cent, to 89,418 and the number of family planning acceptors grew by 7.3 per cent, to 132,975 (see figure V).

Figure V
Correlation between number of pregnant women and family planning acceptors 1998-2008



71. The number of patients with non-communicable diseases under supervision at UNRWA health facilities increased from 164,312 to 177,223.

C. Performance analysis for sub-goal III: relief and social services

72. Services include food support; shelter rehabilitation and cash assistance to families living in particular hardship; community-based social services; and the maintenance of registered refugee records. Highlights in 2008 include the following:

(a) Abject and absolute poverty lines were formulated and a proxy means test formula developed for the five fields. The formula was tested in Jordan and the Gaza Strip;

(b) Vulnerable pregnant and nursing women will benefit from food aid for up to 12 months under a new poverty-based approach. This represents a departure from a previous status-based approach to pre- and post-natal support;

(c) An external evaluation to assess the efficiency and effectiveness of the community-based rehabilitation approach to refugees with disabilities was conducted;

(d) Two units for 175 children with disabilities were established in Lebanon staffed by physiotherapists and speech and occupational therapists.

Table 4
Relief and social services: performance by indicator

		Achievements	
Expected accomplishment	*Performance indicator*	*2008 target*	*2008 result*
Improved quarterly delivery of food rations and cash subsidy "safety net" support to special hardship case families	Percentage of food rations and cash subsidies distributed in relation to the projected ceiling	100 per cent	A quarterly average of 250,024 beneficiaries received their rations and cash subsidies, representing 98 per cent of the yearly projected ration/ cash subsidy ceiling (254,249)
Increased provision of selective cash to refugee families facing emergency financial crisis in a timely manner	Percentage of increase in number of special hardship cases and non-special hardship case families receiving cash assistance in relation to the previous reporting period	Special hardship case families: 12 per cent Non-special hardship case families: 3 per cent	3,064 (4.5 per cent) of the total number of special hardship case families benefited; 65 non-special hardship case families were assisted, representing 1 per cent of all special hardship case families. The target was not achieved owing to the Agency's imposed austerity measures
Maintained ability to keep up-to-date computerized registry of all registered refugees through timely verifications and modification transactions	Percentage of modifications and verifications processed for refugees and Governments, United Nations agencies or valid officials	100 per cent	473,635 modification transactions completed and 162,890 verification requests processed, equal to 100 per cent completion of all requests received

Expected accomplishment	Performance indicator	Achievements: 2008 target	Achievements: 2008 result
	Percentage of new registrations processed by headquarters within two weeks	100 per cent	211 new registration requests were approved by the Department of Relief and Social Services, representing 86 per cent of the recommended cases for approval and 36 per cent of total pending, received and rejected applications
Increased development opportunities for women	Number of women benefiting from skills training activities	9,000	9,619; target was met
Greater access to services and opportunities for persons with disabilities	Number of persons with disabilities receiving direct rehabilitation services	17,500	16,490; target was not met owing to limitation of budget
Greater access of children and youth to educational, cultural and recreational activities	Number of children participating	37,500	49,250; the increase in number of children and youth participating in recreational activities is due to Gaza Summer Game initiative
Increased provision of credit and skills training opportunities to refugees	Number of clients benefiting from loan products	2,500	2,507; target was met

Results

73. A total of 4,396 Iraqi Palestine refugees received assistance either as food, cash or a combination of both in Jordan and the Syrian Arab Republic.

74. Only 750 children of registered refugee mothers married to non-refugees were processed for registration and food and cash was provided to 4,952. The Agency is unable to fully process the families of mothers married to non-refugees owing to resource constraints.

75. By the end of 2008, 14,527,546 million family file documents were scanned and electronically archived as part of the Palestine refugee records project. Scanning of all family file documents is due to be completed in the first quarter of 2009.

76. During the year, 20 of the community-based organizations supported by UNRWA issued 2,061 loans (85 per cent of which were to women) with a repayment rate of 98 per cent.

77. Selective cash assistance benefited 3,129 refugee families facing various financial emergencies. Many applicants could not be assisted because budgetary cuts have reduced funding of cash assistance to 16 per cent of that allotted in 2005.

78. During the year, 449 shelters of social safety net families were repaired or constructed. This number represents 2.5 per cent of total shelters identified as being in need of rehabilitation.

79. Implementation of the Web-based refugee registration information system was delayed because of insufficient bandwidth in the Agency's telecommunications system and restrictions on staff from the occupied Palestinian territory travelling for training purposes.

80. A total of 65,040 abject poor individuals in the Gaza Strip and 7,032 in Jordan were provided with a family income supplement to bridge the food poverty gap during the last six months of 2008.

81. In Lebanon, with the support of the European Union, the microcredit community support programme is working with three NGOs on a project valued at 3 million euros to reactivate business affected by the destruction of Nahr el-Bared camp. By the end of 2008, 188 businesses, valued at $654,150, were reactivated.

D. Performance analysis for sub-goal IV: microfinance

82. The Agency's microfinance department provides credit for small businesses, microenterprises, household consumption and housing needs to improve the quality of life of microentrepreneurs, reduce unemployment and poverty, build household assets, improve housing stock, empower women and provide economic opportunities for youth. Highlights in 2008 included the following:

(a) The programme as a whole was fully self-reliant, with a total operational self-sufficiency rate of 112 per cent on its credit outreach of $32 million. The operational self-sufficiency rate ranged from 128 per cent in the West Bank, 108 per cent in the Syrian Arab Republic, 100 per cent in Jordan to 95 per cent in the Gaza Strip;

(b) In 2008 the programme achieved record outreach when it financed almost 25,000 loans worth $31.69 million, accruing operating expenses of almost $5 million and generating a yield of $600,000. Over 18 years the programme has financed 166,000 loans valued at US$ 181 million;

(c) In 2008, it maintained its position as the leading microfinance organization in the occupied Palestinian territory, while continuing to expand its operations in Jordan and the Syrian Arab Republic. The branch office network grew to 17 offices in 2008;

(d) The programme diversified its product base by introducing a new microenterprise credit plus product in the West Bank and Jordan, a new women's household credit product for the Syrian Arab Republic and by extending its consumer lending product into Jordan and the Syrian Arab Republic;

(e) The programme's net loan capital increased by $1.5 million to $16.35 million, with contributions from Luxembourg and the Arab Authority for Agricultural Investment and Development;

(f) The PalFund trust fund, financed by the Organization of Petroleum Exporting Countries Fund for International Development to support Palestinian enterprises in the occupied Palestinian territory, financed 6,736 PalFund enterprise loans worth $11.05 million. The trust fund now stands at $6.87 million and it has financed a total of 18,068 enterprise loans worth $23.47 million.

Table 5
Microfinance: performance by indicator

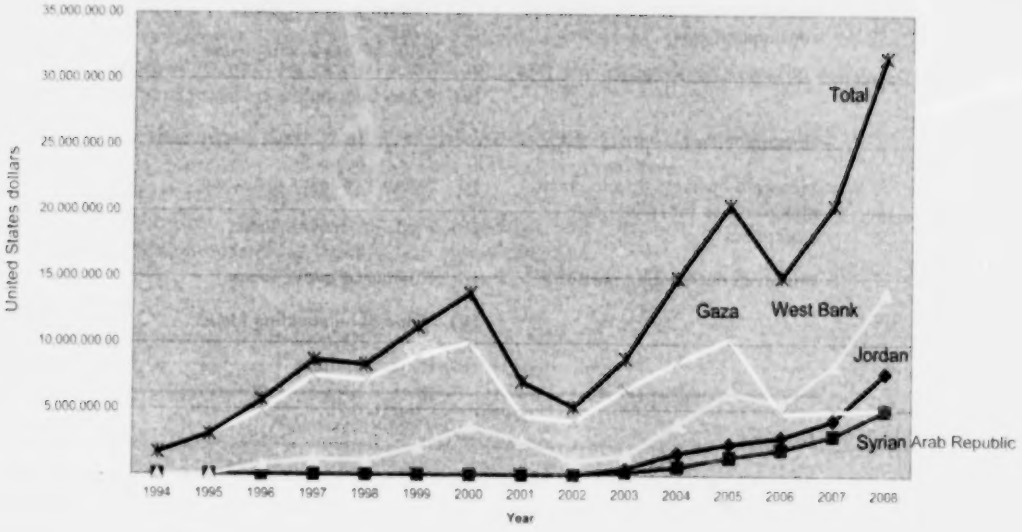
Expected accomplishment	*Performance indicator*	*Achievements*	
		2008 target	*2008 result*
Microenterprise credit and microenterprise credit plus			
Increased business development and income-generating opportunities	(i) Number of loans disbursed	36 000	17 949
	(ii) Value of loans financed	$30.00 million	$23.89 million
Improved outstanding portfolio and number of active loans	(i) Number of active loans	15 000	11 575
	(ii) Value of loans outstanding	$14.50 million	$11.01 million
	(iii) Repayment rate	97 per cent	98 per cent
Solidarity group lending and women's household credit			
Increased capacity of women microentrepreneurs	(i) Number of loans disbursed to women	9 600	2 776
	(ii) Value of loans financed	$4.12 million	$1.20 million
Improved outstanding portfolio to women	(i) Number of active loans to women	5 300	1 847
	(ii) Value of active loans	$1.75 million	$0.50 million
	(iii) Repayment rate	97 per cent	98 per cent
Consumer lending			
Increased financial services to poor people that are unable to access bank credit	(i) Number of loans disbursed	16 800	3 871
	(ii) Value of loans financed	$10.80 million	$4.52 million

Expected accomplishment	*Performance indicator*	*Achievements*	
		2008 target	*2008 result*
Improved outstanding portfolio to consume. clients	(i) Number of active loans	6 600	3 336
	(ii) Value of outstanding loans	$4.60 million	$2.41 million
	(iii) Repayment rate	97 per cent	96 per cent
Housing loans			
Increased business development opportunities for small-scale enterprises	(i) Number of loans disbursed	1 044	267
	(ii) Value of loans financed	$5.94 million	$1.95 million
Improved outstanding portfolio	(i) Number of active loans	700	617
	(ii) Value of outstanding loans	$3.20 million	$2.39 million
	(iii) Repayment rate	97 per cent	98 per cent

Results

83. The 18-month-long border closure and economic siege of the Gaza Strip has severely curtailed the private sector. Surviving businesses are increasingly dependent on goods flowing through the underground network of tunnels mined along the Gaza-Egyptian border. While this provides a vital economic lifeline that sustains a minimal level of business activity, this unregulated system cannot maintain the private sector nor sustain the industrial base that the Gaza Strip requires to create employment. In this context, the credit outreach of the programme in the Gaza Strip continued to stagnate, when it financed just 2,800 loans worth $5.05 million in 2008, compared with 12,685 loans worth $10.38 million in 2005 (see figure VI).

Figure VI
Value of loans financed



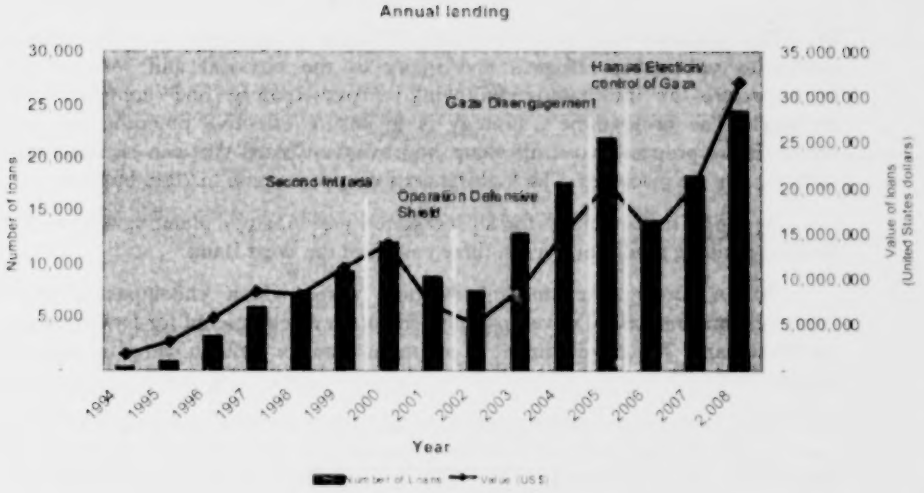
84. While outreach in the Gaza Strip was stagnant, the programme increased its credit outreach by 50 per cent between 2007 and 2008. This was driven most dramatically by record outreach in the West Bank, where 9,000 loans worth $14 million were financed.

85. In addition to expansion in the West Bank, the programme continued to grow in Jordan and the Syrian Arab Republic. The expansion of microfinance activities in these three regions enabled the department to be self-sustaining in 2008 and subsidize the loss of almost $70,000 in the Gaza Strip.

86. In Jordan, the programme financed a total of 5,600 loans worth $7.77 million through four branch offices in Amman and Zarqa.

87. The planned expansion of the programme in the Syrian Arab Republic into Aleppo in 2008 was delayed by a lack of suitable rental property. Despite this, the programme grew in 2008, financing over 7,000 loans worth almost $5 million. Women received 33 per cent of all loans financed in the Syrian Arab Republic.

Figure VII



88. A social performance task force has been established by the global microfinance industry to ensure that financial services are socially, as well as financially, inclusive. UNRWA has embraced this initiative and is working to ensure that its mission to reach the poorest and most marginal, including refugees, women, youth and others, is translated into measured indicators. As part of these activities, it was selected to participate in a training initiative with Sanabel — the microfinance network for Arab countries — to develop a social performance workbook to integrate social performance management into the organization and undertake a social audit to see its impact. The programme is also establishing a social performance management unit to monitor and evaluate this work, which is also within the Agency's broader organizational development initiative.

89. As part of establishing a baseline to benchmark the progress of its social performance management activities, UNRWA was the first microfinance programme in the Middle East and North Africa region to undertake a social rating by a microfinance rating agency. This was done in October 2008 by Microfinanza SRL and UNRWA achieved a social rating of BBB-, which is a midpoint social rating. As it continues to mainstream its social performance, UNRWA will undertake a social rating every two to three years.

90. Similarly, in order to show the impact of its microfinance activities on the lives and families of its clients, UNRWA has undertaken to have an independent impact assessment study conducted each year on various aspects of its activities. In 2008, an impact assessment study was undertaken by PlaNet Finance on UNRWA activities in the Syrian Arab Republic. This indicated significant positive benefits to clients' participation in microfinance, including investment, sales, profits, autonomy and food security.

E. Performance analysis for sub-goal V: infrastructure and camp improvement

91. The infrastructure and camp improvement programme provides improved shelter to vulnerable refugees and improves the physical and socio-economic infrastructure of the camps following a participatory and community-based approach. The programme's strategy is to ensure effective planning and use of resources by proposing overall camp improvement plans that can be implemented according to set priorities. The highlights of the programme in 2008 include:

(a) The methodology for an integrated participatory planning approach was developed using a pilot project in three camps in the West Bank;

(b) A strategic camp improvement plan, which encompasses physical improvements and social development elements, was completed for Fawwar camp in the West Bank. The development of a similar plan for Talbieh camp in Jordan was begun;

(c) Three major environmental infrastructure projects covering water supply, storm water drainage and wastewater collection for two camps in the Syrian Arab Republic were under construction. Ten smaller-scale projects were completed in Lebanon and the West Bank;

(d) In Nahr el-Bared, 170 families were accommodated in 11 collective centres created by renovating existing buildings. A total of 806 housing units were constructed as emergency shelter for 666 families. Sewerage, drainage and water supply infrastructure and generators were installed in the areas adjacent to the camp. A comprehensive master plan was prepared and coordinated with different stakeholders, including the refugees and the Lebanese authorities. Preliminary engineering and detailed designs were completed for parts of the camp and a tender was issued;

(e) A total of 1,871 shelters were rehabilitated, extended or reconstructed across the Agency's area of operations. In addition, 47 new housing units were built in Ein El-Tal camp in the Syrian Arab Republic and 35 new units were under construction;

(f) The construction of 13 entirely new buildings, including schools, health centres, offices and community centres, was completed, in addition to 14 building extensions;

(g) Key headquarters and field staff were trained on the participatory planning process, certified value engineering, certified professional project management, contract administration, time management, gender awareness and team-building;

(h) As part of the Agency's organizational development plan, the programme initiated a strategic planning process covering the next six years; changed the conditions of its construction contracts to move towards internationally accepted standards; developed better standards for the design of health centres; adapted its designs for all UNRWA buildings to be accessible to persons with a disability and developed a gender action plan;

(i) In the Gaza Strip, only minor works, to the approximate value of $450,000, have been completed owing to access and security issues. What was completed included facilities for the Summer Games.

Table 6
Infrastructure and camp improvement: performance by indicator

Expected accomplishment	*Performance indicator*	*Achievement*
(a) Enable disabled persons to access all new UNRWA facilities	Percentage of projects designed to have access for people with disabilities	Baseline: 0 per cent Actual 2008: 90 per cent Target: 100 per cent
(b) Improved integration of camp water network within municipal/regional systems	Number of official camps connected to municipal water networks	Baseline: 57 Actual 2008: 59 Target: 59
(c) Improved knowledge of camp resources in physical and socio-economic terms	(i) Number of the camp-area surveys conducted	Baseline: 0 Actual 2008: 5 Target: 10
	(ii) Number of socio-economic surveys conducted	Baseline: 0 Actual 2008: 4 Target: 10
(d) Increased number of refugees living in appropriate shelters	Number of shelters which have been rehabilitated, extended or reconstructed	Baseline: 1,100 Actual 2008: 1,871 Target: 2,200

Results

92. Funding shortages meant that only two camp improvement plans were initiated in 2008. Only one of them was completed. The target is five camp improvement plans in the biennium 2008-2009. Four out of a planned five topographical and socio-economic surveys conducted were completed.

93. The closure of the Gaza Strip meant that UNRWA construction projects worth $76 million were still pending at the end of the reporting period and the Agency had incurred additional costs because of suspension of works. Movement restrictions also prevented Gaza staff participating in meetings, workshops and training outside the Gaza Strip.

94. At the field and headquarters levels, the programme suffered from its inability to recruit key qualified staff because of the Agency's uncompetitive remuneration rates.

95. Some infrastructure projects that were planned to connect to regional and municipal systems could not be completed because of lack of progress by other actors.

96. The newly developed participatory planning method was applied in developing the plans for Nahr el-Bared reconstruction and was successful in involving all stakeholders and the community as full partners rather than simply as recipients of a service.

97. While most designs for UNRWA facilities were prepared to accommodate access for people with disabilities, for two-storey constructions it was not possible because the costs were greater than the funds already received for the project.

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